



## The Next GameStop: Why You Should Buy Cineplex Today

### Description

The **GameStop** craze captured the [world's attention](#) in late January and early February. However, the party did not last long after it hit the mainstream. Shares of GameStop have plunged after nearly hitting the US\$500 mark. Meanwhile, one of the key players on r/WallStreetBets is now facing a lawsuit for securities fraud. In late January, I'd discussed whether **Cineplex** ([TSX:CGX](#)) could be the [next big short squeeze](#) on the TSX.

Today, I want to discuss why Cineplex may be worth a look for Foolish investors today. Let's dive in.

### Why the Canadian COVID-19 strategy may be shifting

Earlier this month, Ontario's political leadership laid out a plan for an economic reopening. The most populous province in the country has also struggled with the highest case count. This has paralyzed economic centres like Toronto, which is expected to enter the colour-coded "grey zone" by early March at the latest.

The revised reopening plan has indicated that the province aims to keep businesses open going forward. If case counts do rise again, the province may opt to tweak restrictions that businesses must follow rather than shutter them entirely. Thousands of small businesses have already been driven to extinction over the past year. Premier Doug Ford has consistently said that he would not be shy to press on the brakes if cases rise.

Cineplex has paid a huge price over the past year. Revenues have been obliterated, as theatres have been unable to conduct business over the course of the pandemic. With luck, it will be able to remain open from here on out.

### Cineplex and its peers have some catching up to do

The rise of streaming services already posed a major threat to traditional cinemas. However, the performance of the largest blockbusters in recent years has shown that there is still an appetite among

consumers for the theatre experience. *Avengers: Endgame*, the crowning installment in the MCU franchise, raked in a record \$2.79 billion over the course of its 2019 theatre run. This beat out the 3D extravaganza *Avatar*, which was released in 2009.

Dozens of potential blockbusters have stayed on the shelf during the pandemic. Chief among them is the next installment in the *James Bond* franchise: *No Time to Die*. Its release date has been pushed back again and is now expected to hit theatres on October 8, 2021.

Cineplex released its fourth-quarter and full-year 2020 results on February 11. The company stated that it was able to bolster liquidity through several key actions during the pandemic. However, there is still a great deal of uncertainty over its ability to reopen soon. Total revenues plunged 88% to \$52.5 million in 2020.

## Should you buy the stock after earnings?

Shares of Cineplex have climbed 29% in 2021 as of early afternoon trading on February 18. The stock has shown some strength to start the year as investors await a return to normal. Canada has bolstered its vaccine rollout as we look to late February. Cineplex is worth a look for investors willing to take on risk right now.

### CATEGORY

1. Coronavirus
2. Investing

### TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)

### PARTNER-FEEDS

1. Business Insider
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### Date

2025/08/15

### Date Created

2021/02/18

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